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January 19, 2007

Honorable James H. Welsh
Commissioner of Conservation
State of Louisiana
Post Office Box 44275
Baton Rouge, Louisiana 70804-4275

Re: APPLICATION FOR PUBLIC HEARING.

Cotton Valley Purdy Sand, Reservoir B, NORTH
CARLTON FIELD, Ouachita Parish, Louisiana.

Dear Sir:

JMEXPLORATION COMPANY, L.L.C. ("Applicant"), hereby respectfully applies for a public hearing to consider evidence relative to the issuance of an Order pertaining to the following matters relating to the Cotton Valley Purdy Sand, Reservoir B, in the North Carlton Field, Ouachita Parish, Louisiana:

1. To establish rules and regulations governing the exploration for and production of gas and condensate from the Cotton Valley Purdy Sand, Reservoir B.
2. To create a single drilling and production unit for the Cotton Valley Purdy Sand, Reservoir B, such unit being shown on the attached plat and being designated CV PURDY RB SUA.
3. To force pool and integrate all separately owned tracts, mineral leases and other property interests within the proposed unit in accordance with Section 10, Title 30, of the Louisiana Revised Statutes of 1950, with each separate tract sharing in unit production on a surface acreage basis of participation.
4. To designate Ensign III Energy Management, L.L.C., as operator of, and its B L Maza No. 1 Well as the unit well for, the proposed unit.
5. To authorize the drilling, designation and use of an alternate unit well for the proposed unit at the location shown on the attached plat.
6. To permit the operator of the proposed unit to produce the unit allowable from either the unit well, the alternate unit well, or from a combination of such wells, at the option of the operator.
7. To provide that future wells drilled to the Cotton Valley Purdy Sand within or outside of the unit proposed herein be located no closer than 660 feet to any unit line and no closer than

2,000 feet to any well completed in or for which a permit has been granted to drill to the Cotton Valley Purdy Sand.

8. To define the Cotton Valley Purdy Sand, Reservoir B, as that gas and condensate bearing sand encountered between the depths of 9,249 feet and 9,267 feet (electrical log measurements) in the Ensign III Energy Management, LLC--B L Maza No. 1 Well, located in Section 16, Township 18 North, Range 1 East, Ouachita Parish, Louisiana.

9. To consider such other matters as may be pertinent to this application.

Pertinent data concerning this application will be available for inspection at the offices of Louis Gilbert & Associates, Inc., 3636 North Causeway Blvd., Suite 204, Metairie, Louisiana 70002-7216. Any person wishing to inspect such data should call Mr. Louis Gilbert at (504) 834-8112 during normal business hours in order to arrange a date and time for such inspection. A copy of any such pertinent data which is not otherwise available from the records of the Louisiana Office of Conservation can be obtained from Applicant at the expense of the requesting party.

By letter dated December 27, 2006, Applicant gave notice, in accordance with the Revised Rules of Procedure, of its intention to apply for a public hearing concerning these matters and a pre-application conference with respect to Applicant's proposals was thereafter held beginning at 1:30 o'clock p.m. on January 17, 2007, in Baton Rouge, Louisiana. Attached is a list of the names and addresses of those persons present at the conference.

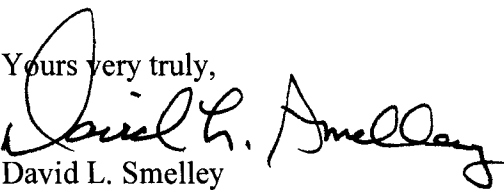
The purpose of the conference was explained as well as the bases for Applicant's proposals by sufficient data and detail for those present at the conference to have a reasonable opportunity to discuss the proposals and attempt to resolve any differences in good faith. Following Applicant's presentation, there was a general question and answer period concerning the proposals of Applicant. After this question and answer period, Mr. Charles Smith, on behalf of North American Land, presented an alternative plan, which involved extending a portion of the eastern boundary of the proposed unit. Following a question and answer period as to the alternative plan, the conference was adjourned. Subsequent to the conference, efforts have continued to resolve the differences between the parties and a compromise has been reached. This compromise unit proposal is reflected on the attached plat.

Attached hereto is a list of the names and addresses of all Interested Owners, Represented Parties and Interested Parties to whom a copy of this application is being sent. Pursuant to the Revised Rules of Procedure, such list is being forwarded only to the Commissioner of Conservation and to the District Manager of the Monroe District of the Office of Conservation. A copy of the list will be furnished by the undersigned to any party so requesting. A reasonable effort was made to obtain a complete list of Interested Owners, Represented Parties and Interested Parties.

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Applicant will provide for posting of a copy of the Legal Notice of this hearing and the enclosed plat at a prominent place in the area affected and will cause publication of the Legal Notice in a newspaper published in the general area of North Carlton Field, all in accordance with the Revised Rules of Procedure. Furthermore, a copy of the Legal Notice will be mailed to all Interested Owners, Represented Parties and Interested Parties promptly upon receipt of the Legal Notice from the Commissioner.

Finally, we enclose our check payable to the Commissioner of Conservation for the application fee.

Yours very truly,

David L. Smelley

-- Attorney for JM Exploration Company, L.L.C.

DLS:dp
Enclosures

cc: Mr. Clarence Chandler (w/encls.)
Mr. David Meadows (w/encls.)
Mr. Louis Gilbert (w/encls.)
Interested Owners, Represented Parties
and Interested Parties (w/plat only)

